

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other				Local Government Name		County	
Audit Date		Opinion Date		Date Accountant Report Submitted to State:			

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☐ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☐ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☐ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☐ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☐ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☐ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☐ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☐ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☐ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			
Reports on individual federal financial assistance programs (program audits).			
Single Audit Reports (ASLGU).			

Certified Public Accountant (Firm Name)				
Street Address		City	State	ZIP Code
Accountant Signature			Date	

WEBSTER TOWNSHIP

REPORT ON AUDIT OF
FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED MARCH 31, 2005

WEBSTER TOWNSHIP

TOWNSHIP OFFICIALS

Supervisor - Dean Fisher
Clerk - Mary Dee Heller
Treasurer - David Calhoun

TOWNSHIP BOARD

David Calhoun
Karl Fink
Dean Fisher
Mary Dee Heller
John Kingsley
Richard Kleinschmidt
John Westman

TOWNSHIP ATTORNEY

Reading, Etter & Lillich

TOWNSHIP AUDITORS

Pfeffer, Hanniford & Palka
Certified Public Accountants

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July 11, 2005

Board of Trustees
Webster Township
5665 Webster Church Road
Dexter, Michigan 48130

INDEPENDENT AUDITORS' REPORT

Honorable Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Webster Township as of and for the year ended March 31, 2005, which collectively comprise Webster Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Webster Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Webster Township as of March 31, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 10, the Township has implemented a new financial reporting model as required by the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, as of March 31, 2005.

The Management's Discussion and Analysis and other required supplementary information on pages 7 through 12 and 34 through 35 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Webster Township's basic financial statements. The accompanying supplementary is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information, such as the combining statements and individual fund statements, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Pfeffer, Hanniford & Palka, P.C.

PFEFFER, HANNIFORD & PALKA
Certified Public Accountants

MANAGEMENT DISCUSSION

AND

ANALYSIS

Management Discussion and Analysis

March 31, 2005

Within this section of Webster Township's annual financial report, the Township's management is providing a narrative discussion and analysis of the financial activities of the Township for the fiscal year ended March 31, 2005. This narrative discusses and analyzes the activity within the context of the accompanying financial statements and disclosures following this section. The discussion focuses on the Township's primary government and, unless otherwise noted, component units reported separately from the primary government are not included.

Overview of the Financial Statements

Management's Discussion and Analysis introduces the Township's basic financial statements. The basic financial statements include government-wide financial statements, fund financial statements, and notes to the financial statements. The Township also includes in this report additional information to supplement the basic financial statements.

Government-wide Financial Statements

The Township's annual reports include two government-wide financial statements. These statements provide both long-term and short-term information about the Township's overall status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

The first of these government-wide statements is the Statement of Net Assets. This is the Township-wide statement of position presenting information that includes all the Township's assets and liabilities, with the difference reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Township as a whole is improving or deteriorating. Evaluation of the overall health of the Township may extend to various nonfinancial factors as well.

The second government-wide statement is the Statement of Activities which reports how the Township's net assets changed during the current fiscal year. The design of this statement is to show the financial reliance of the Township's distinct activities or functions on the revenues generated by the Township.

Governmental activities include such activities as general government, public safety, and planning and zoning departments. Fiduciary activities such as tax collection are not included in the government-wide statements since these assets are not available to fund Township programs.

The Township's financial reporting includes all the funds of the Township (primary government) and, additionally, organizations for which the Township is accountable (component units).

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The Township uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the Township's most significant funds rather than the Township as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation. Individual fund data for non-major funds is provided in the combining statements later in this report.

The Township has two kinds of funds:

Governmental funds are reported in the financial statements and encompass essentially the same functions as governmental activities in the government-wide financial statements except with a different focus on the financial activity. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of these resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term. Since the focus of the government-wide financial statements includes a long-term view, a reconciliation of these fund balances has been completed to detail its relation to net assets.

Fiduciary funds are reported in the fiduciary fund financial statements, but are excluded from the government-wide statements. Fiduciary fund financial statements report resources that are not available to fund Township activities.

Notes to the financial statements

The accompanying notes to the financial statements provide information essential to a full understanding of both the government-wide and fund financial statements.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. Other supplementary information includes detail by fund for receivables, payables, transfers, and payments within the reporting entity.

Major funds are reported in the basic financial statements as discussed. Combining and individual statements and schedules for non-major funds are presented in a subsequent section of this report.

Financial Analysis of the Township as a Whole

The Township has implemented the new financial reporting model used in this report beginning with the current fiscal year ended March 31, 2005. Over time, as year-to-year financial information is accumulated on a consistent basis, changes in net assets may be observed and used to discuss the changing financial position of the Township as a whole.

The Township's net assets at the end of the fiscal year were \$1,376,108. This is a \$16,878 decrease over last year's net assets of \$1,392,986.

The following tables provide a summary of the Township's financial activities and changes in net assets:

Summary of Net Assets

	<u>Governmental Activities</u>
Current and other assets	\$ 847,222
Capital assets	576,157
Total assets	<u>1,423,379</u>
Accounts payable	8,155
Land contract payable	39,116
Total liabilities	<u>47,271</u>
Net assets:	
Invested in capital assets, net of related debt	537,041
Unrestricted	839,067
Total net assets	<u><u>\$ 1,376,108</u></u>

Summary of Changes in Net Assets

	Governmental Activities
Revenues:	
Program revenues	
Charges for services	\$ 165,747
General revenues	
State shared revenues	344,541
Property taxes	536,577
Interest income	14,167
Cable franchise fees	41,057
Other income	3,417
Total revenues	<u>1,105,506</u>
Expenses	
General government	595,734
Fire protection	265,254
Police protection	168,796
Public works	87,786
Parks and recreation	150
Interest on long-term debt	4,664
Total expenses	<u>1,122,384</u>
Changes in net assets	(16,878)
Beginning net assets	<u>1,392,986</u>
Ending net assets	<u><u>\$ 1,376,108</u></u>

The overall financial status for the Township has remained steady near a breakeven or a small decrease in net assets for the last couple fiscal periods.

Financial Analysis of the Township's Funds

Webster Township reported two major funds for the year ended March 31, 2005. These funds included:

- General Fund
- Public Safety Fund

The General Fund decreased its fund balance by \$8,416 during the year primarily due to a decrease in state revenue sharing and increased expenditures for legal fees, road projects, and police protection.

The Public Safety Fund decreased its fund balance by \$17,328 due to increased costs in providing the contracted police and fire protection services. Total expenditures increased by \$29,268 while revenues only increased by \$18,079. An operating transfer of \$125,000 was made by the general fund to supplement the financing of these activities.

General Fund Budgetary Highlights

The Township approved a budget prior to the start of the fiscal year, and made an immaterial amendment during the year to bring it closer to economic reality. However, expenditures exceeded appropriations in the assessor's department totaling \$1,077.

Capital Asset and Debt Administration

The Township paid \$77,968 of principal and \$4,180 of interest to repay various bonds and a land contract payable. During the year the bond debt for the Township's participation in the Portage Base Lakes Area Water and Sewer Authority was paid off.

The Township did not purchase or acquire any capital assets during the year. Total depreciation expense for all governmental activities totaled \$16,789 for the year ended March 31, 2005.

Economic Conditions and Future Activities

Anticipated future decreases in state revenue sharing could have a substantial effect on operations for subsequent periods. The expiration of the 1 mill public safety levy on December 31, 2004 with no replacement will have a serious impact on the Township Fund Balance and services provided in the future years. Zoning disputes and ongoing litigation with development firms are expected to cause significant increases in legal support required.

Contacting the Township's Financial Management

This report is designed to provide a general overview of the Township's financial position and comply with finance-related regulations. If you have any further questions about this report or request additional information please contact Webster Township at 5665 Webster Church Road, Dexter, MI 48130.

BASIC FINANCIAL
STATEMENTS

GOVERNMENT-WIDE
FINANCIAL
STATEMENTS

WEBSTER TOWNSHIP
STATEMENT OF NET ASSETS
MARCH 31, 2005

	<u>Primary Government</u>
	<u>Governmental Activities</u>
<u>ASSETS</u>	
ASSETS	
Cash and investments	\$ 739,528
Receivables	
Taxes	36,997
Intergovernmental	11,198
State shared revenues	54,889
Accounts	4,610
Capital assets:	
Land	239,460
Buildings and improvements	456,746
Office equipment	11,949
Less accumulated depreciation	<u>(131,998)</u>
Total assets	<u>1,423,379</u>
<u>LIABILITIES</u>	
LIABILITIES	
Accounts payable	8,155
Land contract payable	<u>39,116</u>
Total liabilities	<u>47,271</u>
<u>NET ASSETS</u>	
NET ASSETS	
Invested in capital assets, net of related debt	537,041
Unrestricted	<u>839,067</u>
Total net assets	<u>\$ 1,376,108</u>

The accompanying notes are an integral part of these financial statements.

WEBSTER TOWNSHIP
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2005

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Programs Revenues Charges for Services</u>	<u>Total</u>
Governmental activities:			
General government	\$ (595,734)	\$ 160,368	\$ (435,366)
Fire protection	(265,254)		(265,254)
Police protection	(168,796)	5,379	(163,417)
Parks and recreation	(150)		(150)
Public works	(87,786)		(87,786)
Interest on long-term debt	<u>(4,664)</u>		<u>(4,664)</u>
Total governmental activities	<u>(1,122,384)</u>	<u>165,747</u>	<u>(956,637)</u>
General Revenues			
Property taxes			536,577
State shared revenues			344,541
Unrestricted investment earnings			14,167
Rental income			1,800
Franchise fees			41,057
Other income			<u>1,617</u>
Total general revenues			939,759
Changes in net assets			(16,878)
Net assets, April 1, 2004			<u>1,392,986</u>
Net assets, March 31, 2005			<u>\$ 1,376,108</u>

The accompanying notes are an integral part of these financial statements.

PFEFFER, HANNIFORD & PALKA

Certified Public Accountants

FUND
FINANCIAL
STATEMENTS

WEBSTER TOWNSHIP
BALANCE SHEET
GOVERNMENTAL FUNDS
MARCH 31, 2005

	<u>General</u>	<u>Public Safety</u>	<u>Total</u>
<u>ASSETS</u>			
ASSETS			
Cash and investments	\$ 624,537	\$ 114,991	\$ 739,528
Receivables			
Taxes	20,456	16,541	36,997
State shared revenue receivable	54,889		54,889
Accounts	4,610		4,610
Due from other funds	<u>13,575</u>	<u> </u>	<u>13,575</u>
Total assets	<u>\$ 718,067</u>	<u>\$ 131,532</u>	<u>\$ 849,599</u>
 <u>LIABILITIES AND FUND BALANCE</u>			
LIABILITIES			
Accounts payable	\$ 8,155	\$	\$ 8,155
Due to other funds	<u> </u>	<u>2,377</u>	<u>2,377</u>
Total liabilities	<u>8,155</u>	<u>2,377</u>	<u>10,532</u>
FUND BALANCE			
Unreserved	<u>709,912</u>	<u>129,155</u>	<u>839,067</u>
Total liabilities and fund balance	<u>\$ 718,067</u>	<u>\$ 131,532</u>	<u>\$ 849,599</u>

The accompanying notes are integral part of these financial statements.

WEBSTER TOWNSHIP
RECONCILIATION OF STATEMENT OF NET ASSETS
OF GOVERNMENTAL FUNDS TO THE BALANCE SHEET
MARCH 31, 2005

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Total fund balance per balance sheet		\$ 839,067
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the governmental funds:		
Historical cost	\$ 708,155	
Depreciation	<u>(131,998)</u>	
Capital assets, net of depreciation		576,157
Some liabilities are not due and payable in the current period and therefore are not reported in the funds. These include:		
Land contract payable		<u>(39,116)</u>
Net assets of governmental activities		<u>\$ 1,376,108</u>

The accompanying notes are an integral part of these financial statements.

WEBSTER TOWNSHIP
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED MARCH 31, 2005

	General	Special Police	Other Non-major fund Portage and Base Lakes Sewer Debt Service Fund	Total
REVENUES				
Taxes	\$ 251,251	\$ 285,326	\$	\$ 536,577
Licenses and permits	9,511			9,511
Fines and forfeitures		5,379		5,379
State shared revenues	344,541			344,541
Cable franchise fees	41,057			41,057
Rental income	1,800			1,800
Charges for services	150,857			150,857
Interest	12,964	1,081	122	14,167
Miscellaneous	1,551	66		1,617
Total revenues	<u>813,532</u>	<u>291,852</u>	<u>122</u>	<u>1,105,506</u>
EXPENDITURES				
General government	578,815	130		578,945
Fire protection		265,254		265,254
Police protection		168,796		168,796
Parks and recreation	150			150
Public works	87,786			87,786
Debt service	29,215		53,417	82,632
Total expenditures	<u>695,966</u>	<u>434,180</u>	<u>53,417</u>	<u>1,183,563</u>
Excess of revenues over (under) expenditures	<u>117,566</u>	<u>(142,328)</u>	<u>(53,295)</u>	<u>(78,057)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in		125,000	982	125,982
Transfers (out)	(125,982)			(125,982)
Total other financing sources (uses)	<u>(125,982)</u>	<u>125,000</u>	<u>982</u>	
Excess of revenues over (under) expenditures and other financing sources (uses)	<u>(8,416)</u>	<u>(17,328)</u>	<u>(52,313)</u>	<u>(78,057)</u>
FUND BALANCE, APRIL 1, 2004	<u>718,328</u>	<u>146,483</u>	<u>52,313</u>	<u>917,124</u>
FUND BALANCE, MARCH 31, 2005	<u>\$ 709,912</u>	<u>\$ 129,155</u>	<u>\$</u>	<u>\$ 839,067</u>

WEBSTER TOWNSHIP
 RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED MARCH 31, 2005

Amounts reported for governmental activities in the Statement of Activities are different because:

Net change in fund balances – governmental funds	\$ (78,057)
Governmental funds report capital outlay as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their useful lives as depreciation expense. The amount by which capital outlays exceeded depreciation is as follows:	
Depreciation expense	(16,789)
Repayment of bond and contracts payable is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets	
Repayment of:	
Bonds payable	52,723
Land contract payable	<u>25,245</u>
Net	<u>77,968</u>
Change in net assets of governmental activities	<u>\$ (16,878)</u>

WEBSTER TOWNSHIP
STATEMENT OF ASSETS AND LIABILITIES
FIDUCIARY FUNDS
MARCH 31, 2005

	<u>Current Tax Collection</u>	<u>Trust and Agency</u>	<u>Developer Escrow Fund</u>	<u>Totals</u>
<u>ASSETS</u>				
ASSETS				
Cash	\$ 15,168	\$ 5,550	\$ 18,893	\$ 39,611
Due from other funds	<u>2,377</u>	<u></u>	<u></u>	<u>2,377</u>
Total assets	<u>\$ 17,545</u>	<u>\$ 5,550</u>	<u>\$ 18,893</u>	<u>\$ 41,988</u>
<u>LIABILITIES</u>				
LIABILITIES				
Due to other funds	\$ 7,816	\$ 1,822	\$ 3,937	\$ 13,575
Due to others	<u>9,729</u>	<u>3,728</u>	<u>14,956</u>	<u>28,413</u>
Total liabilities	<u>\$ 17,545</u>	<u>\$ 5,550</u>	<u>\$ 18,893</u>	<u>\$ 41,988</u>

NOTES
TO
FINANCIAL
STATEMENTS

WEBSTER TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Webster Township conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of the more significant policies:

A. BASIC FINANCIAL STATEMENTS

In accordance with GASB Statement No. 34 - *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, the basic financial statements include both government-wide and fund financial statements.

The government-wide financial statements (Statement of Net Assets and Statement of Activities) report on the Township as a whole, excluding fiduciary activities. Governmental fund types are reported in the government-wide financial statements using the economic resources measurement focus and the accrual basis of accounting, which includes long-term assets and receivables as well as long-term debt and obligations. The government-wide financial statements focus more on the sustainability of the Township as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. Generally, the effect of interfund activity has been removed from the government-wide financial statements.

The government-wide Statement of Net Assets reports all financial and capital resources of the Township (excluding fiduciary funds). It is displayed in a format of assets less liabilities equals net assets, with the assets and liabilities shown in order of their relative liquidity. Net assets are required to be displayed in three components: 1) invested in capital assets 2) restricted, and 3) unrestricted. Invested in capital assets, net of related debt is capital assets net of accumulated depreciation and reduced by outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Restricted net assets are those with constraints placed on their use by either: 1) externally imposed by creditors (such as through debt covenants), grantors, contributors, laws, or regulations of other governments, or 2) imposed by law through constitutional provisions or enabling legislation. All net assets not otherwise classified as restricted, are shown as unrestricted. Generally, the Township would first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

The government-wide Statement of Activities demonstrates the degree to which both direct and indirect expenses of the various functions and programs of the Township are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or identifiable activity. Indirect expenses for administrative overhead are allocated among the functions and activities using a full cost allocation approach and are presented separately to enhance comparability of direct expense between governments that allocate direct expenses and those that do not. Interest on general long-term debt is not allocated to the various functions. Program revenues include: 1) charges to customers or users who purchase, use or directly benefit from goods, services or privileges provided by a particular function or program and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or program. Taxes, unrestricted investment income and other revenues not identifiable with particular functions or programs are included as general revenues. The general revenues support the net costs of the functions and programs not covered by program revenues.

WEBSTER TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Also, part of the basic financial statements are fund financial statements for the governmental funds. The focus of the fund financial statements is on major funds, as defined by GASB Statement No. 34. Although this reporting model sets forth minimum criteria for determination of major funds (a percentage of assets, liabilities, revenues, or expenditures of fund category and of the governmental funds combined), it also gives governments the option of displaying other funds as major funds. Other non-major funds are combined in a single column on the fund financial statements.

The Township reports the following major governmental funds:

The General Fund is the Township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Public Safety Fund accounts for the activities related to the Township's contracting of police and fire protection services. This activity is primarily funded through the collection of property taxes.

B. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The governmental fund financial statements are prepared on a modified accrual basis of accounting. To conform to the modified accrual basis of accounting, certain modifications must be made to the accrual method. These modifications are outlined below:

- A. Revenue is recorded when it becomes both measurable and available (received within 60 days after year-end). Revenue considered susceptible to accrual includes: property taxes, sales and use taxes, licenses, fees and permits, intergovernmental revenues, charges for services and interest.
- B. Expenditures are recorded when the related fund liability is incurred. Principal and interest on long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year.
- C. Disbursements for the purchase of capital assets providing future benefits are considered expenditures. Bond proceeds are reported as another financing source.

With this measurement focus, operating statements present increases and decreases in net current assets and unreserved fund balances as a measure of available spendable resources.

This is the traditional basis of accounting for governmental funds and also is the manner in which these funds are normally budgeted. This presentation is deemed most appropriate to: 1) demonstrate legal and covenant compliance, 2) demonstrate the sources and uses of liquid resources, and 3) demonstrate how the Township's actual revenues and expenditures conform to the annual budget. Since the governmental funds financial statements are presented on a different basis than the governmental activities column of the government-wide financial statements, a reconciliation is provided immediately following each fund statement. These reconciliations briefly explain the adjustments necessary to transform the fund financial statements into the governmental activities column of the government-wide financial statements.

WEBSTER TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fiduciary funds account for assets held by the Township in a trustee or agency capacity on behalf of others and, therefore, are not available to support Township programs. The reporting focus is upon net assets and changes in net assets and employs accounting principles similar to proprietary funds. Fiduciary funds are not included in the government-wide financial statements as they are not an asset of the Township available to support Township programs.

C. BUDGETARY DATA

The board of trustees follows the procedures as outlined in the Uniform Budgeting Manual for Local Units of Government in Michigan in the establishment of the various annual budgets.

The supervisor prepares the annual budgets through information received by the clerk. The proposed budget is then submitted for discussion and approval by the entire Township board. The budget is approved by activity. If and when it becomes necessary to amend certain amounts in the budget, a proposal outlining the desired changes is made to and approved by the Township board at any of their regular meetings.

Actual expenditures have exceeded budgeted appropriations for several activities.

D. CAPITAL ASSETS

Under GASB Statement No. 34, all capital assets whether owned by governmental activities or business-type activities, are recorded and depreciated in the government-wide financial statements. No long-term capital assets or depreciation are shown in the governmental funds financial statements.

Capital assets are defined as assets with an initial, individual cost of more than \$5,000 and an estimated useful life greater than one year. Land is considered a capital asset regardless of initial cost. Capital assets are recorded at cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major improvements are capitalized and depreciated over the remaining useful lives of the related capital assets.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Buildings, structures and improvements	10 to 50 years
Machinery and equipment	5 to 40 years

Any capital assets transferred between funds are transferred at their net book value (cost less accumulated depreciation), as of the date of the transfer.

WEBSTER TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. MANAGEMENT ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

F. RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Township maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Township. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

G. CASH AND CASH EQUIVALENTS

The Township considers its deposits and restricted deposits and investments held with maturities of three months or less are considered to be cash equivalents.

H. INCOME TAXES

As a governmental agency, the Township is exempt from both federal income taxes and Michigan Single Business Tax.

I. PROPERTY TAXES

The Township property tax is levied each December 1 on the taxable valuation of property located in the township as of the preceding December 31. Taxable values are established annually by the county and are equalized by the state. Real and personal property in the township for the 2004 levy was assessed at an adjusted taxable value of \$ 312,377,641. Taxes are due and payable by February 28. Delinquent real property taxes are returned to the County Treasurer for collection.

The Township levied the following millage for 2004:

General township	.8008
Public safety	<u>.9094</u>
Total levy	<u><u>1.7102</u></u>

WEBSTER TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Michigan personal property tax assessments have been based, since the 1960's, on the use of one or more of several different multiplier tables formulated by the State Tax Commission against taxpayer reported original cost, depending on the assessor's view of the average life of the personal property. The State Tax Commission has indicated that it plans to reformulate the multipliers. The State Tax Tribunal has informally indicated that once the new multipliers are approved, it may allow them to be applied retroactively in pending personal property tax appeals.

NOTE 2 - DESCRIPTION OF REPORTING ENTITY

In accordance with Governmental Accounting Standards Board (GASB) statement number 39 all funds, agencies, and activities of Webster Township as the primary government have been included in the financial statements.

The following potential component unit has been evaluated under the criteria established by GASB statement number 39 and determined not to be a component unit based on financial independence and accountability:

Portage and Base Lakes Water and Sewer Authority - The authority is fiscally independent from the township requiring a separate audit for the authority's activities.

NOTE 3 - INTERFUND BALANCES

All interfund balances are short-term in character. Interfund transfers will be collected during the next reporting period.

WEBSTER TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2005

NOTE 4 - DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

Michigan Compiled Laws, Section 129.91, authorizes the Township to deposit and invest in the accounts of Federally insured banks, credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or Federal agency obligation repurchase agreements; bankers' acceptance of United States banks; commercial paper rated by two standard rating agencies within the two highest classifications, which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan. The Township maintains a \$250 imprest petty cash fund.

The investment policy adopted by the board is in accordance with Act 196 PA 1997. The Township's deposits and investments are in accordance with statutory authority.

The Governmental Accounting Standards Board Statement No. 3 risk disclosures for the Township's cash deposits are as follows:

<u>Deposits</u>	<u>Primary Government</u>	<u>Fiduciary Funds</u>	<u>Total</u>	<u>Bank Balance</u>
Insured	\$ 100,000	\$	\$ 100,000	\$ 100,000
Uninsured and uncollateralized	<u>639,278</u>	<u>39,611</u>	<u>678,889</u>	<u>721,845</u>
Total deposits	<u>\$ 739,278</u>	<u>\$ 39,611</u>	<u>\$ 778,889</u>	<u>\$ 821,845</u>

NOTE 5 - CHANGES IN ASSETS

A summary of changes in capital assets is as follows:

	<u>Balance 4/1/04</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 3/31/05</u>
Land	\$ 239,460	\$	\$	\$ 239,460
Building and improvements	456,746			456,746
Office furniture and equipment	<u>11,949</u>			<u>11,949</u>
Net	708,155			708,155
Accumulated depreciation	<u>(115,209)</u>	<u>(16,789)</u>		<u>(131,998)</u>
Total net book value	<u>\$ 592,946</u>	<u>\$ (16,789)</u>	<u>\$</u>	<u>\$ 576,157</u>

There was \$39,116 of debt outstanding for these capital assets at March 31, 2005.

WEBSTER TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2005

NOTE 6 - LONG-TERM DEBT

The following is a summary of the Township's long-term debt for the year ended March 31, 2005:

	<u>Balance 4/01/04</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 3/31/05</u>
<u>LONG-TERM DEBT</u>				
1. Bonds payable to Washtenaw County Treasurer series I; used to finance Portage and Base Lake Sewer System; interest charged at 6.0% to 6.85% payable through 2004.	\$ 10,050	\$	\$ 10,050	\$
2. Bonds payable to Washtenaw County Treasurer, Series III; used to finance Portage and Base Lake Sewer System; interest charged at 5.7% to 6.0%; payable through 2004.	3,216		3,216	
3. Bonds payable to Michigan Municipal Bond Authority - Michigan State Revolving Loan Program; interest charged at 2.0% payable through 2004.	39,457		39,457	
4. Land contract payable to May A. Mast for land purchased surrounding New Township Hall; interest charged at 7%; payable through 2006	<u>64,361</u>	<u> </u>	<u>25,245</u>	<u>39,116</u>
Total long-term debt	<u>\$ 117,084</u>	<u>\$</u>	<u>\$ 77,968</u>	<u>\$ 39,116</u>

WEBSTER TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2005

NOTE 6 - LONG-TERM DEBT (continued)

The following is a schedule of principal and interest payments to service the long-term debt of the Township:

<u>Year</u>	<u>Contracts Payable</u>	
	<u>Principal</u>	<u>Interest</u>
3-31-2006	\$ 27,204	\$ 2,010
3-31-2007	<u>11,912</u>	<u>224</u>
Total	<u>\$ 39,116</u>	<u>\$ 2,234</u>

NOTE 7 - CONTINGENCIES

The Township is involved in various legal actions arising in the normal course of business. In the opinion of management, such matters will not have a material effect upon the financial position of the Township.

NOTE 8 – IMPLEMENTATION OF GASB STATEMENT NO. 34

The Township has implemented the standards required by GASB Statement No. 34 for the year ended March 31, 2005. All required statements and disclosures have been included in the basic financial statements.

NOTE 9 – POST EMPLOYMENT BENEFITS

The Township adopted a post employment benefits policy. The Township pays health insurance premiums (single coverage) for retirees of the Township who have worked a minimum of 10 years and until the age 65. Currently, there are no retired employees receiving the benefit. There was no cost to the Township for the year ending March 31, 2005. Under this policy there are potential employees that could receive this benefit over the next four to five years. An estimate or actuarial of current and future costs related to this policy has not been done.

The Governmental Accounting Standards Board has released Statement Number 45, *Accounting and Reporting by Employers for Post Employment Benefits Other Than Pensions*. The new pronouncement provides guidance for local units of government in recognizing the cost of retiree health care, as well as any “other” post employment benefits (other than pensions). The new rules will cause the government-wide financial statements to recognize the cost of providing retiree health care coverage over the working life of the employee, rather than at the time the health care premiums are paid. The new pronouncement is effective for the year ending March 31, 2009.

WEBSTER TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2005

**NOTE 10 – RECONCILIATION OF FUND FINANCIAL STATEMENTS
TO GOVERNMENT-WIDE FINANCIAL STATEMENTS**

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Total fund balance per balance sheet		\$ 839,067
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the governmental funds:		
Historical cost	\$ 708,155	
Depreciation	<u>(131,998)</u>	
Capital assets, net of depreciation		576,157
Some liabilities are not due and payable in the current period and therefore are not reported in the funds. These include:		
Land contract payable		<u>(39,116)</u>
Net assets of governmental activities		<u><u>\$ 1,376,108</u></u>

Amounts reported for governmental activities in the Statement of Activities are different because:

Net change in fund balances – governmental funds		\$ (78,057)
Governmental funds report capital outlay as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their useful lives as depreciation expense. The amount by which capital outlays exceeded depreciation is as follows:		
Depreciation expense		(16,789)
Repayment of bond and contracts payable is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets		
Repayment of:		
Bonds payable	52,723	
Land contract payable	<u>25,245</u>	
Net		<u>77,968</u>
Change in net assets of governmental activities		<u><u>\$ (16,878)</u></u>

REQUIRED
SUPPLEMENTARY
INFORMATION

WEBSTER TOWNSHIP
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED MARCH 31, 2005

	Budgets		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
Taxes	\$	\$	\$ 251,251	
Licenses and permits			9,511	
State shared revenues			344,541	
Charges for services			152,657	
Other revenues			55,572	
Total revenues	<u>825,474</u>	<u>825,474</u>	<u>813,532</u>	<u>(11,942)</u>
EXPENDITURES				
Township board			28,994	
Supervisor			40,900	
Elections			15,096	
Assessor			65,777	
Clerk			39,994	
Board of review			1,985	
Treasurer			45,001	
Building and grounds			48,668	
Unallocated			240,765	
Planning and zoning			80,850	
Roads			86,110	
Recreation			150	
Recycling			1,676	
Total expenditures	<u>1,055,630</u>	<u>1,054,130</u>	<u>695,966</u>	<u>358,164</u>
Excess of revenues over (under) expenditures	(230,156)	(228,656)	117,566	346,222
OTHER FINANCING (USES)				
Transfers (out)	<u>(125,000)</u>	<u>(125,000)</u>	<u>(125,982)</u>	<u>(982)</u>
Excess of revenues over (under) expenditures and other financing (uses)	(355,156)	(353,656)	(8,416)	345,240
FUND BALANCE, APRIL 1, 2004	<u>718,328</u>	<u>718,328</u>	<u>718,328</u>	
FUND BALANCE, MARCH 31, 2005	<u>\$ 363,172</u>	<u>\$ 364,672</u>	<u>\$ 709,912</u>	<u>\$ 345,240</u>

WEBSTER TOWNSHIP
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
PUBLIC SAFETY FUND
FOR THE YEAR ENDED MARCH 31, 2005

	Budgets			Variance with Final Budget Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Property taxes	\$	\$	\$ 285,326	\$
District court fees			5,379	
Interest income			1,081	
Miscellaneous			66	
Total revenues	320,957	320,957	291,852	(29,105)
EXPENDITURES	<u>444,173</u>	<u>444,173</u>	<u>434,180</u>	<u>9,993</u>
Excess of revenues over (under) expenditures	(123,216)	(123,216)	(142,328)	(19,112)
OTHER FINANCING SOURCES				
Transfer in	<u>125,000</u>	<u>125,000</u>	<u>125,000</u>	
Excess of revenues over (under)expenditures and other financing sources	1,784	1,784	(17,328)	(19,112)
FUND BALANCE, APRIL 1, 2004	<u>146,483</u>	<u>146,483</u>	<u>146,483</u>	
FUND BALANCE, MARCH 31, 2005	<u>\$ 148,267</u>	<u>\$ 148,267</u>	<u>\$ 129,155</u>	<u>\$ (19,112)</u>

SUPPLEMENTARY
INFORMATION

COMBINING
FINANCIAL
STATEMENTS

WEBSTER TOWNSHIP
COMBINING BALANCE SHEET
ALL AGENCY FUNDS
MARCH 31, 2005

	<u>Current Tax Collection</u>	<u>Trust and Agency</u>	<u>Developer Escrow Fund</u>	<u>Totals</u>
<u>ASSETS</u>				
ASSETS				
Cash	\$ 15,168	\$ 5,550	\$ 18,893	\$ 39,611
Due from other funds	<u>2,377</u>			<u>2,377</u>
Total assets	<u>\$ 17,545</u>	<u>\$ 5,550</u>	<u>\$ 18,893</u>	<u>\$ 41,988</u>
<u>LIABILITIES</u>				
LIABILITIES				
Due to other funds	\$ 7,816	\$ 1,822	\$ 3,937	\$ 13,575
Due to others	<u>9,729</u>	<u>3,728</u>	<u>14,956</u>	<u>28,413</u>
Total liabilities	<u>\$ 17,545</u>	<u>\$ 5,550</u>	<u>\$ 18,893</u>	<u>\$ 41,988</u>

INDIVIDUAL
FUNDS

GENERAL
FUND

WEBSTER TOWNSHIP
GENERAL FUND
BALANCE SHEET
MARCH 31, 2005

ASSETS

ASSETS

Cash	\$ 624,537
Taxes receivable	20,456
State shared revenues receivable	54,889
Due from other funds	13,575
Due from others	<u>4,610</u>

Total assets \$ 718,067

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable	\$ 8,155
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FUND BALANCE

709,912

Total liabilities and fund balance \$ 718,067

WEBSTER TOWNSHIP
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2005

	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Taxes	\$ 249,745	\$ 251,251	\$ 1,506
Licenses and permits	8,550	9,511	961
State shared revenues	346,818	344,541	(2,277)
Charges for services	180,361	152,657	(27,704)
Other revenues	<u>40,000</u>	<u>55,572</u>	<u>15,572</u>
Total revenues	<u>825,474</u>	<u>813,532</u>	<u>(11,942)</u>
EXPENDITURES			
Township board	46,700	28,994	17,706
Supervisor	45,117	40,900	4,217
Elections	17,060	15,096	1,964
Assessor	64,700	65,777	(1,077)
Clerk	40,617	39,994	623
Board of review	2,388	1,985	403
Treasurer	45,117	45,001	116
Building and grounds	67,616	48,668	18,948
Unallocated	331,519	240,765	90,754
Planning and zoning	114,796	80,850	33,946
Roads	250,000	86,110	163,890
Recreation	12,500	150	12,350
Recycling	<u>16,000</u>	<u>1,676</u>	<u>14,324</u>
Total expenditures	<u>1,054,130</u>	<u>695,966</u>	<u>358,164</u>
Excess of revenues over (under) expenditures	(228,656)	117,566	346,222
OTHER FINANCING (USES)			
Transfers (out)	<u>(125,000)</u>	<u>(125,982)</u>	<u>(982)</u>
Excess of revenues over (under) expenditures and other financing (uses)	(353,656)	(8,416)	345,240
FUND BALANCE, APRIL 1, 2004	<u>718,328</u>	<u>718,328</u>	<u> </u>
FUND BALANCE, MARCH 31, 2005	<u>\$ 364,672</u>	<u>\$ 709,912</u>	<u>\$ 345,240</u>

WEBSTER TOWNSHIP
GENERAL FUND
STATEMENT OF REVENUES - BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2005

	<u>Amended Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
TAXES			
Current property taxes	\$ 249,745	\$ 251,251	\$ 1,506
LICENSES AND PERMITS	<u>8,550</u>	<u>9,511</u>	<u>961</u>
STATE SHARED REVENUES	<u>346,818</u>	<u>344,541</u>	<u>(2,277)</u>
CHARGES FOR SERVICES			
Copies		568	
Zoning fees		2,462	
Land division		2,795	
Planning commission fees		2,300	
Site plan reviews		12,730	
Township hall rental		1,800	
PA 48 fees		6,192	
Developer fees		14,431	
Property tax administration fees		101,310	
Tax collection fees		<u>8,069</u>	
Total charges for services	<u>180,361</u>	<u>152,657</u>	<u>(27,704)</u>
OTHER REVENUES			
Cable franchise fees		41,057	
Interest on investments		12,964	
Miscellaneous		<u>1,551</u>	
Total other revenues	<u>40,000</u>	<u>55,572</u>	<u>15,572</u>
Total revenues	<u>\$ 825,474</u>	<u>\$ 813,532</u>	<u>\$ (11,942)</u>

WEBSTER TOWNSHIP
GENERAL FUND
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2005

	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
TOWNSHIP BOARD			
Fees	\$	\$ 8,892	\$
Payroll taxes		1,432	
Health insurance		10,639	
Tax chargebacks		615	
Publications		2,283	
Professional development		187	
Membership and dues		4,946	
	<u>46,700</u>	<u>28,994</u>	<u>17,706</u>
Total township board			
SUPERVISOR			
Salary		29,750	
Payroll taxes		2,276	
Health insurance		8,874	
	<u>45,117</u>	<u>40,900</u>	<u>4,217</u>
Total supervisor			
ELECTIONS			
Per diems		8,716	
Payroll taxes		41	
Supplies and postage		3,476	
Publications and printing		2,503	
Miscellaneous		360	
	<u>17,060</u>	<u>15,096</u>	<u>1,964</u>
Total elections			
ASSESSOR			
Salary		49,140	
Payroll taxes		3,851	
Health insurance		11,046	
Retirement		1,200	
Professional development		540	
	<u>64,700</u>	<u>65,777</u>	<u>(1,077)</u>
Total assessor			

WEBSTER TOWNSHIP
GENERAL FUND
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL - (continued)
FOR THE YEAR ENDED MARCH 31, 2005

	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
CLERK			
Salary	\$	\$ 29,750	\$
Health insurance		3,133	
Deputy salary		3,800	
Payroll taxes		2,806	
Miscellaneous		<u>505</u>	
Total clerk	<u>40,617</u>	<u>39,994</u>	<u>623</u>
BOARD OF REVIEW			
Fees		1,844	
Payroll taxes		<u>141</u>	
Total board of review	<u>2,388</u>	<u>1,985</u>	<u>403</u>
TREASURER			
Salary		29,750	
Deputy salary		3,800	
Professional development		10	
Health insurance		8,874	
Payroll taxes		<u>2,567</u>	
Total treasurer	<u>45,117</u>	<u>45,001</u>	<u>116</u>
BUILDING AND GROUNDS			
Salary		1,560	
Supplies		1,457	
Janitorial services		4,206	
Payroll taxes		441	
Grounds maintenance		8,828	
Parking lot maintenance		2,300	
Building maintenance		661	
Land contract - principal		25,244	
Land contract - interest		<u>3,971</u>	
Total building and grounds	<u>67,616</u>	<u>48,668</u>	<u>18,948</u>

WEBSTER TOWNSHIP
GENERAL FUND
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL - (continued)
FOR THE YEAR ENDED MARCH 31, 2005

	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
UNALLOCATED			
Salaries	\$	\$ 66,700	\$
Temporary employment services		2,015	
Payroll taxes		5,286	
Retirement		2,400	
Health insurance		17,352	
Supplies		5,360	
Postage		4,952	
Membership and dues		685	
Legal services		71,739	
Audit fees		7,200	
Contractual services		2,954	
Drains		1,365	
Insurance and bonds		17,930	
Mileage		2,259	
Printing and publishing		78	
Utilities		9,521	
Equipment maintenance and repair		1,860	
Public relations		789	
Professional development		211	
Capital outlay		17,232	
Miscellaneous		<u>2,877</u>	
Total unallocated	<u>331,519</u>	<u>240,765</u>	<u>90,754</u>
PLANNING AND ZONING			
Salaries		40,625	
Per diems		16,869	
Payroll taxes		4,494	
Contractual services		10,127	
Retirement		650	
Health insurance		6,358	
Mileage		759	
Printing and publishing		518	
Miscellaneous		<u>450</u>	
Total planning and zoning	<u>114,796</u>	<u>80,850</u>	<u>33,946</u>
ROADS	<u>250,000</u>	<u>86,110</u>	<u>163,890</u>
RECREATION	<u>12,500</u>	<u>150</u>	<u>12,350</u>
RECYCLING	<u>16,000</u>	<u>1,676</u>	<u>14,324</u>
Total expenditures	<u>\$ 1,054,130</u>	<u>\$ 695,966</u>	<u>\$ 358,164</u>

PUBLIC SAFETY
FUND

WEBSTER TOWNSHIP
PUBLIC SAFETY FUND
BALANCE SHEET
MARCH 31, 2005

ASSETS

ASSETS

Cash	\$ 114,991
Taxes receivable	<u>16,541</u>

Total assets	<u>\$ 131,532</u>
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LIABILITIES AND FUND BALANCE

LIABILITIES	\$ 2,377
Due to other funds	

FUND BALANCE	<u>129,155</u>
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Total liabilities and fund balance	<u>\$ 131,532</u>
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WEBSTER TOWNSHIP
PUBLIC SAFETY FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2005

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES			
Property taxes	\$	\$ 285,326	\$
District court fees		5,379	
Interest income		1,081	
Miscellaneous		<u>66</u>	
Total revenues	320,957	291,852	(29,105)
EXPENDITURES	<u>444,173</u>	<u>434,180</u>	<u>9,993</u>
Excess of revenues over (under) expenditures	(123,216)	(142,328)	(19,112)
OTHER FINANCING SOURCES			
Transfer in	<u>125,000</u>	<u>125,000</u>	
Excess of revenues over (under) expenditures and other financing sources	1,784	(17,328)	(19,112)
FUND BALANCE, APRIL 1, 2004	<u>146,483</u>	<u>146,483</u>	
FUND BALANCE, MARCH 31, 2005	<u><u>\$ 148,267</u></u>	<u><u>\$ 129,155</u></u>	<u><u>\$ (19,112)</u></u>

WEBSTER TOWNSHIP
PUBLIC SAFETY FUND
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2005

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
NEIGHBORHOOD WATCH	<u>\$ 650</u>	<u>\$ 600</u>	<u>\$ 50</u>
POLICE PROTECTION			
Contracted services		167,552	
Utilities		<u>644</u>	
Total police protection	<u>182,270</u>	<u>168,196</u>	<u>14,074</u>
FIRE PROTECTION			
Contracted services		262,945	
Fees		2,145	
Payroll taxes		<u>164</u>	
Total fire protection	<u>261,153</u>	<u>265,254</u>	<u>(4,101)</u>
UNALLOCATED			
Tax chargebacks		84	
Payroll fees		<u>46</u>	
Total unallocated	<u>100</u>	<u>130</u>	<u>(30)</u>
Total expenditures	<u>\$ 444,173</u>	<u>\$ 434,180</u>	<u>\$ 9,993</u>

PORTAGE AND BASE LAKES SEWER
DEBT SERVICE
FUND

WEBSTER TOWNSHIP
PORTAGE AND BASE LAKES SEWER DEBT SERVICE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED MARCH 31, 2005

REVENUES		\$	122
EXPENDITURES			
Bond payment - principal	\$	52,723	
Bond payment - interest		209	
Bond fees		<u>485</u>	
Total expenditures			<u>53,417</u>
Excess of revenues over (under) expenditures			(53,295)
OTHER FINANCING SOURCES			
Transfers in			<u>982</u>
Excess of revenues over expenditures and other financing sources			(52,313)
FUND BALANCE, APRIL 1, 2004			<u>52,313</u>
FUND BALANCE, MARCH 31, 2005		\$	<u><u> </u></u>

CURRENT TAX
COLLECTION
FUND

WEBSTER TOWNSHIP
CURRENT TAX COLLECTION FUND
BALANCE SHEET
MARCH 31, 2005

ASSETS

ASSETS

Cash	\$ 15,168	
Due from other funds	<u>2,377</u>	
Total assets		<u>\$ 17,545</u>

LIABILITIES

LIABILITIES

Due to other funds	\$ 7,816	
Due to others	<u>9,729</u>	
Total liabilities		<u>\$ 17,545</u>

TRUST AND AGENCY
FUND

WEBSTER TOWNSHIP
TRUST AND AGENCY FUND
BALANCE SHEET
MARCH 31, 2005

ASSETS

ASSETS

Cash

\$ 5,550

LIABILITIES

LIABILITIES

Due to other funds

\$ 1,822

Due to others

3,728

Total liabilities

\$ 5,550

DEVELOPER
ESCROW
FUND

WEBSTER TOWNSHIP
DEVELOPER ESCROW FUND
BALANCE SHEET
MARCH 31, 2005

ASSETS

ASSETS

Cash

\$ 18,893

LIABILITIES

LIABILITIES

Due to other funds

\$ 3,937

Performance deposits

14,956

Total liabilities

\$ 18,893

WEBSTER TOWNSHIP

COMMENTS
AND
RECOMMENDATIONS

FOR THE YEAR ENDED MARCH 31, 2005



PFEFFER ■ HANNIFORD ■ PALKA
Certified Public Accountants

John M. Pfeffer, C.P.A.
Patrick M. Hanniford, C.P.A.
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June 10, 2005

Board of Trustees
Webster Township
5665 Webster Church Road
Dexter, Michigan 48130

Honorable Board of Trustees:

In planning and performing our audit of the financial statements of Webster Township for the year ended March 31, 2005, we considered the Township's internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control.

However, during our audit we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. Those matters are as follows:

1. COMMENT

As of March 31, 2005, several following interfund receivables and payables were outstanding.

RECOMMENDATION

The interfund receivables and payables should be paid as soon as feasibly possible.

2. COMMENT

Expenditures exceeded budgeted appropriations in both the General Fund and the Public Safety Fund.

RECOMMENDATION

The budget needs to be amended before expenditures exceed appropriations.

3. COMMENT

The Township has adopted a policy providing post retirement benefits to eligible employees.

RECOMMENDATION

The Governmental Accounting Standards Board has recently released Statement Number 45, *Accounting and Reporting by Employers for Post-employment Benefits Other Than Pensions*. The new pronouncement provides guidance for local units of government in recognizing the cost of retiree health care, as well as any "other" post-employment benefits (other than pensions). The new rules will cause the government-wide financial statements to recognize the cost of providing retiree health care coverage over the working life of the employee, rather than at the time the health care premiums are paid. The new pronouncement is effective for the year ending March 31, 2009. This will also require an actuarial calculation to be completed at least once every three years.

4. COMMENT

There are several old outstanding checks for the Township's bank accounts.

RECOMMENDATION

The Township should reissue the checks or escheat them to the State of Michigan.

5. COMMENT

The escrow account activity is not being accounted for on a consistent basis.

RECOMMENDATION

All bills and receipts should be accounted for solely in the Developer Escrow Fund.

This letter does not affect our report dated June 10, 2005 on the financial statements of Webster Township.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and recommendations with various township personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

This report is intended solely for the information and use of the Board of Trustees, and management of Webster Township and is not intended to be and should not be used by anyone other than the specified parties.

Pfeffer, Hanniford & Palka, P.C.

PFEFFER, HANNIFORD & PALKA
Certified Public Accountants